

**QUARTERLY UPDATE
TO THE LEGISLATURE
MEDI-CAL MANAGED CARE PROGRAM**

**Period
April through June 2007**

**California Department of Health Care Services
Health Care Operations
Medi-Cal Managed Care Division**

**MEDI-CAL MANAGED CARE
QUARTERLY UPDATE TO THE LEGISLATURE**

TABLE OF CONTENTS

I.	Purpose of the Update	3
II.	Key Milestones and Objectives.....	3
III.	State Plan Amendments.....	7
IV.	Federal Waivers	7
V.	Key Activities on Medi-Cal Managed Care Expansion.....	8
VI.	Timeline for Managed Care Expansion	10

I. Purpose of the Update

The Budget Act of 2005, authorized expansion of the Medi-Cal Managed Care Program into 13 new counties: El Dorado, Imperial, Kings, Lake, Madera, Marin, Merced, Mendocino, Placer, San Benito, San Luis Obispo, Sonoma and Ventura.

In addition, the Department of Health Care Services' (DHCS), Medi-Cal Managed Care Division (MMCD) proposed to convert Fresno County from a Two-Plan model to a Geographic Managed Care (GMC) model. Beginning January 1, 2006, the DHCS is required to provide quarterly updates to the policy and fiscal committees of the Legislature on the core activities to improve the Medi-Cal Managed Care Program and to expand into the 13 new counties.

The updates shall include:

- Progress or key milestones and objectives to implement changes to the existing program;
- Submittal of state plan amendments to the federal Centers for Medicare and Medicaid Services;
- Submittal of any federal waiver documents; and
- Applicable key functions related to the Medi-Cal Managed Care expansion effort.

II. Key Milestones and Objectives

Collaboration with California HealthCare Foundation (CHCF)

The DHCS partnered with the CHCF to develop enhanced performance standards for Medi-Cal managed care plans for services for persons with disabilities and chronic illnesses. The DHCS received the CHCF recommendations in a report titled, "Performance Standards for Medi-Cal Managed Care Organizations Serving People with Disabilities and Chronic Conditions" on November 21, 2005. The DHCS requested comments and input from its contracting health plans regarding these recommendations.

The DHCS completed an initial analysis of the 53 recommendations to determine the applicability of the recommendations to the target population and to assess the feasibility of each recommendation. The draft report, including its recommendations, was released on May 7, 2007. The Department placed the report on the Medi-Cal Managed Care Division website on June 11, 2007, and encourages public comment. The Department will accept and review all public comments through July 31, 2007. The Department will consider the public comment before finalizing its response and will incorporate it, as appropriate, in its work plan for implementation.

General Program Activities

The DHCS is currently undertaking or has completed the actions listed below to enhance and improve the Medi-Cal Managed Care program.

1. Staff from the Medi-Cal Managed Care Division have participated in meetings with the Department of Developmental Services (DDS), Bay Area regional centers, Agnews Development Center, Alameda Alliance for Health (AAH), Santa Clara Family Health Plan (SCFHP) and Health Plan of San Mateo (HPSM). These discussions were to address transition planning for the approximately 220 remaining clients at Agnews who will need a specialized health care delivery system when they are placed in community settings over the next year. Agnews is scheduled to close at the end of June 2008. Medi-Cal managed care is a preferred option for these clients because of their extremely complex medically fragile conditions and the need for an intense level of coordination of services among many agencies and providers to support them in the community. The Department is pursuing a mechanism to pay an interim rate to the contracting health plans and reconcile on a periodic basis to reimburse them for actual costs incurred to provide the necessary care to these clients. Division staff is also participating in workgroups with the same stakeholders regarding the memoranda of understanding between the health plans and regional centers, scope of services and medical service strategy.
2. MMCD recently completed a project to permit individuals who are eligible for both Medicare and Medi-Cal (commonly referred to as dual eligibles), to simultaneously enroll in both a Medicare health plan and an existing Medi-Cal managed care health plan in Two Plan and Geographic Managed Care model counties. Dual eligibles are automatically enrolled in County Organized Health System plans (COHS). However, previously any dual eligibles already enrolled in a Medicare health plan that attempted to enroll in a Medi-Cal managed care health plan, the State's enrollment contractor's system would prevent enrollment in the Medi-Cal managed care health plan. With completion of this project, dual enrollment will be allowed contingent on the Medicare and Medi-Cal managed care health plan being operated by the same managed care organization. This will permit managed care organizations to provide better coordination of care and benefits across product lines for those members with dual eligibility and enrollment. In addition, several Medi-Cal managed care health plans that subcontract with HMOs and also operate a dual eligible MA/SNP, requested MMCD to allow members of the subcontracting HMO's MA/SNP to enroll in the primary Medi-Cal managed care health plan. MMCD agreed to this change and implemented the necessary systems changes to allow it.

The DHCS staff has worked in collaboration with the Centers for Medicare and Medicaid Services (CMS), the California Association of Health Plans, and individual Medi-Cal managed care health plans that have or are working towards securing a Medicare line of business, to resolve issues related to data systems changes, capitation rates, marketing and beneficiary informing materials. Due to the complexities associated with this project, including modification of data transmission from CMS and system modifications for both the DHCS and the managed care enrollment contractor, the DHCS targeted completion by July 2007. The Department met this target date and began operations under the new business rules on July 1, 2007.

The DHCS convened a workgroup including representation from health plans, advocates for Seniors and Persons with Disabilities (SPD) population and CMS to collaborate on implementation of this project. The workgroup met in September 2006, and held several meetings in December, January, March and May 2007. The Department also met with a subgroup to discuss marketing issues, address the differences in Medicare and Medi-Cal marketing requirements and enhance concurrent review of marketing material between the DHCS and CMS.

3. The Department's default algorithm rewards Two-Plan Model and Geographic Managed Care health plans with a higher percentage of default enrollments based on superior performance on specific performance measures: five HEDIS performance measures and two traditional and safety net provider performance measures. The Department implemented Year Two of the default algorithm on December 1, 2006. The DHCS reconvened the default advisory group in May 2007 to begin discussions for the third year of the adjusted algorithm. The group is considering a proposal to increase the number of HEDIS performance measures included in the default algorithm for Year Three and/or Year Four.
4. The DHCS is one of six state Medicaid agencies participating in a two-year grant, the Purchasing Institute Technical Assistance (PITA) for Managed Care for Persons with Disabilities. The PITA which is designed to help states improve health care delivery to the SSI-eligible populations through focused training and technical assistance will convene semi-annual face-to-face meetings and regular telephone conference calls with the states, the Center for Health Care Strategies (CHCS) staff and invited experts. The first year focused on development and testing of a performance measure determined by all six participating states, and the second year is focusing on interventions to improve care coordination. There is no new information to report since the January – March 2007 quarterly update.

5. In July 2006, the DHCS entered into an interagency agreement with the University of California, Berkeley (UCB), School of Public Health, and Health Research for Action, to develop a Medi-Cal Managed Care guide to better inform seniors and persons with disabilities (SPDs) of the advantages of Medi-Cal managed care and to increase awareness of the Medi-Cal Managed Care program. UCB is developing and focus testing a comprehensive Medi-Cal managed care guide for beneficiaries that explains these options with the goal of increasing voluntary enrollment of SPDs into Medi-Cal managed care. The project will span four fiscal years with work beginning in FY 2006/07 and will form the foundation of a larger statewide effort to reach out to the SPD population to increase their awareness and encourage their enrollment into Medi-Cal managed care health plans. A project brief was widely distributed in January 2007 describing the project.

The project includes the formation of an advisory group to provide input for the content and dissemination of the guide. The advisory group is comprised of representatives of target communities; Medi-Cal consumers, providers who serve SPD's, Medi-Cal Managed Care organizations, policy-making organizations, and advocacy groups for SPDs. DHCS and UCB convened the second meeting of the advisory group in January 2007, to solicit feedback on the first draft of the guidebook, specifically on content and design. UCB reported on the formative research they have been conducting, including 30 in person consumer interviews and approximately 70 key informant interviews. They will be conducting 18 consumer focus groups to gain in-depth information about consumer needs and to test the draft guide. Consumer interviews were conducted in English, Spanish, Cantonese and Mandarin. Interviews and focus groups will take place in Alameda, Sacramento and Riverside counties. UCB presented a draft of the revised guide at the June 21, 2007 advisory group meeting for final input prior to dissemination in the pilot counties of Sacramento, Riverside and Alameda, scheduled for October 2007.

The DHCS is amending the Interagency Agreement to extend the service period through Fiscal Year 2009-10. This will allow for statewide implementation of the guide produced by the pilot effort as well as identification of other strategies to enhance outreach to this population.

6. The Adolescent Health Statewide Quality Improvement project will end on June 30, 2007, after four years of collaboration between health plans, network providers and clinical adolescent medicine consultants. The collaborative set the project goal of increasing access to quality adolescent care services for enrolled beneficiaries from 11-19 years of age. The collaborative began in 2003, with objectives, measures and interventions targeted to making improvements in two areas: 1)

increasing the rate of annual adolescent well-care visits, and 2) improving the delivery of comprehensive adolescent healthcare at the primary care provider site. The American Medical Association, American Academy of Pediatrics, and the U.S. Maternal and Child Health Bureau uniformly recommended annual comprehensive visits for all adolescents that included assessments of physical, emotional and behavioral risks unique to adolescents. Throughout the project, selection of some interventions were provider focused, such as three regional interactive skill based learning sessions provided for approximately 400 primary care providers about delivering comprehensive adolescent friendly healthcare services. Each participating provider was supplied lists of local and health plan resources for adolescent specific healthcare referrals. An adolescent focused intervention involved the conduct of adolescent consumer based surveys after health visits from nearly 3,200 adolescents responding regarding the healthcare they received. Plan specific interventions included a series of teleconference learning sessions by clinical adolescent medicine consultants for adolescent health “champions” from the plans and implementing plan focused “spread” methodologies to systematically expand project strategies to additional network providers. Over the course of the project, HEDIS Adolescent Well visit statewide average rate went from 28.2 percent in 2002, to 33.9 percent in 2004 and improved further to 37 percent in 2005.

7. The Department pilot tested a project in May 2007 that involved a monthly data match between the Department of Developmental Services (DDS) and DHCS. The data match identified DDS Regional Center clients enrolled in Medi-Cal managed care plans and produced reports for the Medi-Cal plans that identified members who are DDS Regional Center clients. The Department initially tested the project in three Bay Area counties, and it will implement this statewide before the end of the year. The sharing of data will greatly facilitate the coordination of care for developmentally disabled members who are served by both the Regional Center and managed care plans.

III. State Plan Amendments

MMCD is still in the preliminary stage of setting timelines for submission of State Plan amendments and waiting for information needed to complete SPAs, such as excluded zip-codes etc. No firm dates have been set for submission of the SPAs.

IV. Federal Waivers

- The Department intends to submit modification requests to two existing COHS waivers to enable the implementation of expansion plans for San Luis Obispo and Marin counties. In addition, a modification to the

California Children Services (CCS/Dental) waiver will also be submitted in order to allow CCS eligible children to be enrolled on a mandatory basis in the expanded GMC program that is to commence in Placer County in January 2008.

- In March 2007 the Department submitted a renewal request for the Health Insuring Organizations of California (HIOs) waiver. This waiver covers the county organized health systems in Orange, Napa, Yolo, Solano, Monterey and Santa Cruz counties. This waiver renewal package was approved by CMS on June 12, 2007, renewing the waiver until June 30, 2009.
- On June 28, 2007, the Department submitted a waiver renewal request for its California Children Services/Dental (CCS/Dental) waiver. This waiver allows California to contract with multiple managed care organizations and prepaid ambulatory health plans (PAHPs) to provide Medi-Cal benefits to qualifying beneficiaries residing in Alameda, Contra Costa, San Francisco, Kern, Tulare, Fresno, San Diego, Sacramento, Stanislaus, Santa Clara, Riverside, San Bernardino, San Joaquin, and Los Angeles counties. Approval of this waiver renewal package is expected by September 30, 2007.
- MMCD is in the process of drafting a modification to the Health Plan of San Mateo waiver to include beneficiaries from the Agnews State Hospital closure under a special reimbursement arrangement.

V. Key Activities on Medi-Cal Managed Care Expansion

Information to Health Plans and Expansion Counties

The Department continues to provide expansion updates to health plans on at least a quarterly basis through meetings with health plan CEOs and Medical Directors. The Department provides similar updates at the bi-monthly meetings of the Medi-Cal Managed Care Advisory Group.

Interactions with Expansion Counties

Eleven of the thirteen expansion counties and Fresno County (an existing managed care county that will be affected by the current expansion efforts) have endorsed a managed care model believed to best suit the needs of each county. Of the remaining two counties, El Dorado County's proposed model, a delegated risk contract with the county and a single Health Maintenance Organization, is on hold while the county explores other options. Imperial County notified the DHCS on May 2, 2007, that their County Board of Supervisors (BOS) is opposed to transitioning to managed care at this time. The table on page 10 provides the status of each expansion county. The DHCS has issued a revised timeline for implementation based on these decisions, also reflected in the table on page 10.

The DHCS has developed prospective capitation rates for Marin, Sonoma, Lake, Mendocino, Placer and San Luis Obispo counties. Fee-for-service cost data has been provided for Marin and San Luis Obispo to the affected COHS for planning purposes and development of provider networks. Upon plan review of this data and passage of the State budget, the Department will be able to provide proposed capitation rates to the plans.

Recent developments are summarized as follows:

- Imperial County completed its strategic planning process and informed the DHCS in May 2007 that the county BOS is opposed to implementation of managed care at this time.
- The DHCS continues to hold monthly teleconferences with Fresno, Kings, and Madera County representatives. The three counties continue their work in developing a joint powers agreement (JPA) to form a tri-county regional health system infrastructure and governing authority, and also continue to seek funding sources that will offset administrative and legal costs incurred in establishing the JPA infrastructure.
- Merced and Ventura county officials continue to seek federal legislation to implement new COHS plans. Representative Lois Capps (CA-23) introduced H.R. 665 to amend the Consolidated Omnibus Budget Reconciliation Act of 1985 and permit Merced and Ventura counties to create and operate health insuring organizations (County Organized Health Systems) and to increase the percent of all Medi-Cal beneficiaries that may be enrolled in such systems from 14 percent to 16 percent. It is expected that Senator Dianne Feinstein will introduce a companion bill in the Senate.

Expansion County Stakeholder Meetings

The DHCS staff continues to offer to meet with and provide technical assistance to counties and stakeholders in discussions related to expansion of managed care. In counties where final decisions and BOS resolutions are received, the DHCS continues to be available to facilitate discussions between county officials, stakeholders, and health plans.

**Medi-Cal Managed Care Division (MMCD)
Update of Expansion Implementation Dates
and Managed Care Models**

County	Original Implementation Date	Revised Implementation Date	Managed Care Model
El Dorado	3/01/07	Pending further discussion with MMCD	Pending further discussion with MMCD
Imperial	3/01/07	Pending further discussion with MMCD	Pending further discussion with MMCD
Placer	3/01/07	3/01/08	GMC
Fresno	10/1/07	7/1/09	Conversion to Tri-County Regional Two-Plan (with Kings and Madera)
Kings	10/1/07	7/1/09	Tri-County Regional Two-Plan (with Fresno and Madera)
Madera	10/1/07	7/1/09	Tri-County Regional Two-Plan (with Fresno and Kings)
Merced	10/1/07	Pending COHS authority	New COHS
Lake	4/01/08	12/01/08	COHS Join Partnership Health Plan
Marin	4/01/08	3/01/08	COHS Join Partnership Health Plan
Mendocino	4/01/08	12/01/08	COHS Join Partnership Health Plan
San Benito	4/01/08	Pending further discussion with MMCD	COHS Join Central Coast Alliance for Health
San Luis Obispo	4/01/08	3/01/08	COHS Join Santa Barbara Regional Health Authority
Sonoma	4/01/08	7/01/08	COHS Join Partnership Health Plan
Ventura	4/01/08	Pending COHS authority	New COHS

GMC = Geographic Managed Care

COHS = County Organized Health System